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ABSTRACT

Three hundred eight business executives from boards of nonprofit educational, social service, or cultural organizations were surveyed for their opinions on their roles. It was found that a single overriding concern is the ever-increasing demand for commitment and accountability. This is reflected particularly in three issues: time, money, and government involvement. Active commitment requires more and more time, partly because of complexity of fiscal responsibility. Over 80 percent of those surveyed see a need for more government funding, but see increased regulation as a result. Ability to deal with government forms and bureaucracies is seen as a desired skill, but knowledge of government regulations and practices is not seen as a necessary board member skill. Other issues of concern include legal liability and greater sensitivity to the constituent communities served by the organization. Policy formation is seen as the primary board function. A secondary function is overseeing staff of the institution, and a third is recruitment of new board members, followed by fielding complaints and carrying on public relations efforts. Most of those surveyed feel boards are doing a good job, but criticisms are given of lack of commitment, poor organization, and role uncertainty among fellow members. Most also serve on corporate boards, are male, married, and college graduates. (MSE)

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THE TOUCHE ROSS SURVEY OF BUSINESS EXECUTIVES ON NON-PROFIT BOARDS

An opinion study
based on interviews with
308 business executives

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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TABLE OF CONTENTS

Preface	v
Summary	vii
CHAPTER I: ISSUES	1
Time	1
Money	2
Government Involvement	4
Lesser Issues	5
CHAPTER II: THE FUNCTIONS OF THE NON-PROFIT BOARD	9
Planning and Policy	9
Overseeing the Staff	11
Recruiting New Members	13
Lesser Functions	13
CHAPTER III: EVALUATION	15
Evaluating the Board	15
Evaluating the Staff	16
Self-Evaluation	18
CHAPTER IV: THE BUSINESS PERSON ON THE NON-PROFIT BOARD	21
Tables	26
Demographic Profile of Respondents	49
Demographics of the Main Organizations	50
Methodology	53

PREFACE

> A government might perform the part of some of the largest American companies, and several states, members of the Union, have already attempted it; but what political power could ever carry on the vast multitude of lesser undertakings which the American citizens perform every day, with the assistance of the principle of association?
>
> The Americans make associations to give entertainments, to found seminaries, to build inns, to construct churches, to diffuse books, to send missionaries to the antipodes; in this manner they found hospitals, prisons, and schools. If it is proposed to inculcate some truth or to foster some feeling by the encouragement of a great example, they found a society. Wherever at the head of some new undertaking you see the government in France, or a man of rank in England, in the United States you will be sure to find an association.
>
> Alexis de Tocqueville,
> Democracy in America, Vol. 2, 1835

Throughout their history, Americans have assumed responsibility for social, educational and cultural needs through private initiative and voluntary effort. In contrast to European traditions and developments, Americans have sponsored and managed all sorts of programs and institutions with minimal involvement of government authority or funding. Even today, in a society that, according to many, is approaching a "welfare state," private organizations continue to help the poor, support higher education, and promote the arts.

The nation is entering a new era, however, one in which economic forces, limited energy, unemployment and unresolved social problems have become constant companions. Established patterns of non-profit activity are being questioned and, as people feel the pinch of inflation, traditional sources of funding could well be reduced. Under such conditions, duplication and waste grow less tolerable daily. Recipients of social services and community members, once excluded from decision-making, are becoming more assertive about their right to participate in determination of policy. Many non-profit organizations dependent on society's good will must either adapt to society's changes or disappear.

The focal point for change in non-profit organizations, of course, is the board of directors. The board has ultimate responsibility for the survival of the institutions and, whether it sets policy or merely approves what has been formulated by the staff, whether it monitors the CEO closely or merely selects him, whether it prepares a budget or simply makes up the deficit at the end of the year, the buck stops with the board. Consequently, board members need to evaluate their organization's practices and future prospects accurately to learn what sort of policy, what type of CEO and staff, what sources of funding will make it a survivor of the 1980's.

The changing American scene has affected cultural, educational, and social service organizations to varying degrees and in different ways. It will continue to do so, perhaps at an accelerating pace. But some of the most basic questions — funding, viability, government involvement — apply to all no matter what the changing circumstances. A board member needs to be familiar not only with the trends influencing his own type of institution -- a museum, say, or a church-related college — but also with currents running through the whole non-profit field.

This report reflects the opinions of 308 directors from a wide spectrum of non-profit organizations, sometimes directly (through quotation), sometimes indirectly in the form of statistics. By studying these responses, a member of a non-profit board can share the perceptions of other directors and consider how they apply to his own situation.

SUMMARY

Business men and women who serve on non-profit boards have one overriding concern about their role: the ever-increasing demand for commitment and accountability. This concern is reflected in three issues which stand at the forefront of their thinking about board service and the changes it has been undergoing: 1) time, 2) money, and 3) government involvement.

Active commitment to a non-profit board takes more and more time; almost half say their duties require five to ten hours a month; another quarter of them say the demands on their time average 11 to 20 hours a month. A few serve more than 20.

One reason for this expenditure of time is the increasing complexity of fiscal responsibility. Raising money is a constant demand. As board members themselves are less able to underwrite all costs, and as inflation sends the bills soaring, better budgeting and fiscal management have become necessary. Business people on non-profit boards are particularly attuned to these necessities and well-equipped to do something about them. Three-fourths cite greater emphasis on better budgeting as an area of significant change in board activity over the last ten years; even more foresee significant change in the years ahead.

More than four out of five see a need for increased government funding if financial burdens of their institutions are to be met, but as many predict increased government regulation of the non-profit sector as a likely result. Ability to maneuver through the maze of government forms and bureaucracies appears an ever more useful skill for members of non-profit boards. At the same time, less than one-fifth of the respondents see "knowledge of government regulations and practice" as a necessary qualification for all or even most board members.

Other issues which also concern the non-profit board today include increased legal liability and greater sensitivity to the constituent communities served by their institutions.

The primary function of the non-profit board is seen as setting policy -- making policy and planning for the future. Better than two-thirds of those who see a need for more foresight expect significant changes in this matter in the years ahead. Better organization and good leadership are considered necessary if policy decisions and planning are to carry over into action.

A secondary function of the non-profit board is overseeing the staff of the institution. This, too, takes time, if good relations are to be established between the board and the CEO, between the board and other members of the staff. Difficulties in offering competitive salaries to staff members of non-profit organizations is another area in which fiscal responsibility and board function overlap.

A third function of the board is recruiting new members for board service -- finding those whose experience and talents are matched by a willingness to give time to the organization and a commitment to its improvement. Fielding complaints and carrying on public relations efforts,

while not primary, are also among the responsibilities which fall to the board of directors.

How well do those surveyed think their boards, their staffs and they, themselves, are performing their duties?

Five out of six feel their boards are doing as well or better than they expected; such complaints as they do have focus on fellow board members who are insufficiently committed to the work at hand -- too "social" in their approach to board work. Other perceived deficiencies include poor organization and management of the board itself, and the uncertainty of some board members about their role. For better or worse, more than half say nothing is done about members who are lax about attendance and preparation, although two-thirds feel something should be done.

In evaluating their staffs, board members give highest marks for dedication, a decent grade for interaction with the board, and show a good deal less enthusiasm for excellence in the areas of efficiency and financial expertise. A major problem seems to be lack of staff rather than incompetence, however -- lack of staff plus the rapidity of change which affects most aspects of board policy and function as well as staff activity.

In evaluating their own contribution to the boards they serve, virtually all (99%) say the experience has been fulfilling, largely because they sense they are doing something on behalf of a worthwhile cause. There have been disappointments as well, primarily when personal goals for improvement of the organization have not been realized or because of poor management on the board.

A sizeable majority feel that adopting a more business-like attitude is the best way to improve the efficiency of the non-profit board. Though only half of those serving on educational boards take this position, 60% of those on cultural boards feel the need for greater business orientation and an overwhelming 85% of those on social service boards concur.

A majority serve not only on non-profit boards but on corporate boards as well; and a majority also believe that corporate boards are more efficient -- primarily through the influence of the profit motive.

Details on these questions, as well as direct quotations from a number of those interviewed, are spelled out in the chapters which follow. Whose opinions are these?

Respondents are executives from major corporations who serve on one or more of the following types of non-profit boards: social service, educational, or cultural. The average age is 52. About nine in ten are male, married, and college graduates. Almost half have advanced degrees. Almost two-thirds make at least $60,000 a year; and of these, half earn more than $100,000 a year.

CHAPTER I

ISSUES

The nature of the non-profit board is indeed changing, sometimes radically. Change demands greater involvement and responsibility on the part of active board members.

Three major considerations confront both those presently serving on boards, and those who must decide whether or not to serve:

1) Time
2) Money
3) Government Involvement

As might be expected, these factors are intertwined and interdependent. Sorting them out is helpful for analysis, but in practice they converge and overlap. Fund-raising, for example, often means the pursuit of government grants; and such pursuit takes time, often a good deal of it.

Despite this interrelatedness, it seems useful at the outset to focus on each issue independently. The issues illuminate one another and throw into relief a number of other issues to be discussed later.

TIME

When asked about the qualifications necessary for all or most members of the board they serve on, the business people in this survey are close to unanimity on two points: members must obviously have a general interest in the organization's purpose (100%), and a "willingness to give time" (93%). There is less agreement on other qualifications. For example, 67% cite influence in the community, 54% the ability to contribute financially, 39% business/management skills, and 24% financial expertise. Only 4% listed being a woman or a member of a minority group as a necessary qualification (see Table I).

Board members are in equal agreement on the importance of the time factor for anyone contemplating board membership. For 98%, having "enough time, money and interest to make a commitment" tops a list of ten considerations (see Table II).

Perhaps a more revealing insight into the importance of the time consideration comes from two other questions. When asked to name the single most important obstacle to satisfactory service, the only significant factor was "insufficient time" (see Table III). And when asked if they had ever had to refuse membership on other non-profit boards, three-fourths said "yes." Again the only significant factor in their refusal was "insufficient time" (58%) (see Table IV).

One experienced board member offers the following warning to anyone contemplating board membership:

> "Most of the time very good 'salesmen' will be head of the nominating committee, and will tell you, 'it's not going to take very much time.' One should be wary of that. In my

experience it takes very many times more time than is outlined, if you're really going to get into it."

As will be apparent in considering some of the related issues -- particularly fund-raising -- there are legitimate reasons why board membership takes so much time. But some respondents suggest wasted time accounts for at least a share of the hours involved. Says one:

> "I think an awful lot of non-profit boards are just drifters, and they don't really have any goals and timetables, and make no effort to enforce them."

Another is more specific about this:

> "People who serve on boards become whimsical at times when they get in a non-profit institution; they spend a lot of time deciding whether or not to put a bronze plaque on the front door of the theatre. They would never even give it a thought at the plant."

How many hours does board service actually demand? The most frequent answer is five to ten hours a month (42%). Another 22% say 11 to 20 hours a month. The remainder are split about evenly between those who spend more than 20 hours a month on non-profit board activities and those who spend less than five.

While most consider these hours adequate, a majority of those who do not think so feel they should double their commitment; a few even think tripling their time would be necessary for adequate service.

Time is measurable not only in hours per month, of course, but also in years of service. Three-fourths of those surveyed have been on their boards three years or more; and half of these for at least six years.

"Perpetual" service does not appeal to all, and one businessman advises prospective board members to consider the question carefully:

> "I think the first question I would ask the director is, just exactly what it is that you want me to do and what's the deadline? I'm not interested in a perpetual job, I'm interested in an ad hoc situation, what can I do in the next one year, two years, five years, whatever the term."

MONEY

The ability and the willingness to devote time to board duties are, as noted, "qualifications for membership" upon which there is near unanimity. There is less agreement on the issue of giving or raising money, though the financial crunch is felt almost everywhere.

About half (54%) of all those surveyed feel the ability to contribute financially should be a qualifying factor for all or most members, and about the same (50%) see the ability to solicit funds from others as a necessary characteristic of all or most members (see Table I).

Significantly, the three types of boards part company on this issue. Those nearest the average are members of boards of educational institutions. Among members of social service boards, however, only a third or less rank fund raising capacities so highly. The reverse is the case for cultural boards: two-thirds of those serving on such boards see the ability to donate and raise funds as important for all or most members.

The question of board members' own responsibilities for financial support is a heated one. In the past, it was often taken for granted. As one businessman puts it:

> "The board members were there for only one purpose -- not to interfere with anything, not to really take part in anything, and to contribute lots of money in their wills when they kick off."

Nowadays, this attitude is both questioned and sometimes reaffirmed. Says one board member:

> "I think that a person who gains membership because he can be a big giver is the worst thing."

Says another:

> "Nobody ought to be on the board as an active participant unless they are making over $60,000."

There is a tendency, however, to shift from dependence on wealthy board members. At one remove is greater reliance on those who can solicit funds from other wealthy individuals. But even this has its obvious limitations, as spelled out by one respondent:

> "The main problem for a board member is that he has to knock many of his friends for money, because that's what he's expected to do....You can only ask people so many times for money for your causes."

Another elaborated on the problem of soliciting funds as follows:

> "I think that over a period of years, and particularly in the last ten years, there has been less and less financial support, because, I think, the public has drifted away from supporting non-profit, non-governmental organizations, because of taxation, inflation, less money to give; and also, I think, just simply because people begin to feel at a certain point, 'Hey, what are they doing that the government wouldn't be doing?' And there's been an erosion of the willingness to give."

As his remarks suggest, government funding is part of the problem even as it appears to be part of the answer. Such questions will be covered more fully in the next section. In the meantime, the money issue has another aspect to it: better management of the funds available. When dollars are harder to come by and costs go up, the sensible course is to make each dollar count.

Consequently, it comes as no surprise that in the last ten years the greatest perceived change has taken place in the areas of accountability and emphasis on budgeting and good management (see Table V). Three-fourths of all respondents rate the changes in these areas as "significant," compared to only 47% who see "significant" changes in the emphasis on fund raising.

In the years ahead the money issue looms even larger: almost four out of five (78%) think non-profit boards will see significant increases in their financial problems and responsibilities -- putting this issue at the very top of the list (see Table VI).

The matter of fiscal responsibility provokes pointed remarks. One businessman says:

> "I have a feeling that a non-profit organization should be run, in regards to fiscal management, as tautly or even more tautly than a commercial enterprise, and I think that not only should things be under very strict control, but they should appear to be under very strict control."

Another points out that when

> "...fiscal mismanagement develops, the resulting stigma hurts the ability of the organization to raise money."

Still another helps to define the limits of "fiscal responsibility" as it applies to non-profit organizations:

> "That doesn't mean that the thing always comes out black ink -- I'm a deficit spender in that sense. There are some institutions that have to run in the red. They'll always be behind. Blood banks will always need more blood. There are just some things that don't come out profitable; but they can't go on with expense accounts for staff travel and things of that kind....A board member has to look around a place and say, 'Look, I couldn't do this down at the plant, so let's not do it here.'"

Obviously, the money issue includes far more than mere fund raising: it includes accountability, budgeting, establishing of priorities -- policy, in short. And, as one board member points out:

> "Setting policy and fiscal responsibility are inseparable."

GOVERNMENT INVOLVEMENT

As noted earlier, at least one businessman blames increased government involvement for a falloff in private support of non-profit organizations. Whether or not the loss of private funding follows automatically from an increase of government funds is debatable; but there is widespread agreement on the need for more public monies, whatever the consequences.

More than four out of five of all participants in this study foresee a need for increased government funding. The same number also predict the likelihood of stricter government regulation of non-profit institutions (see Table VI). In both cases, the majority expect such changes to be "significant."

One business person addresses these changes directly:

> "There's been a lot more government participation in almost all non-profit activities. This has created a much greater sensitivity on the part of boards of non-profit organizations to know what's going on at the federal government level, the state level. The access and availability of government funds has made a big difference in the operation of activities."

Another points out the variety of changes which result from government funding, including the adjustments it calls for on the part of board members. With particular reference to CETA funds he says:

> "It does throw a whole new light on government relations. It's not quite as simple as making applications to NEA or the state council for the arts, and going through grantsmanship. It's completely different, an uncharted field, and if it continues to grow the way it has, I think we will require a different type of expertise on the board, people skilled in government relations."

Such expertise, however, does not appear widespread among board members; more significantly, it is not yet perceived as highly important. Only 18% of respondents see "knowledge of government regulations and practice" as a necessary qualification for all or even most board members (see Table I). A wide majority consider it a qualification necessary for only a few; and among members of cultural boards a full quarter feel such knowledge is not necessary.

There is some irony here, since although cultural board members (58%) expect significant change in the direction of greater governmental funding, only 36% expect significantly stricter government regulation to result (see Table VI). One explanation may be their greater inexperience in this area. Public funding for social services and education has a much longer history than public funding of the arts.

Not everyone looks upon such government regulation as inherently bad. Says one social service board member:

> "Non-profit boards are in the voluntary sector, and at some future point I would expect to see government controls of some kind that would deal with the overlap and the proliferation and the self-perpetuation. I think that there's a hell of a lot of wasted effort in there. I would expect some sort of influence to try to coordinate it and delineate these sorts of things."

LESSER ISSUES

Time, money, and government involvement are not the only issues accounting for changes in the non-profit board. A number of these other issues deserve brief mention.

1. Legal liability. Legal expertise is not perceived as a necessary qualification for membership on non-profit boards -- at least not a qualification for more than a few members (see Table I).

Even so, if expertise is not important, some awareness of legal accountability apparently is. A trustee of a major university confided a fear that legal liability could even hinder recruiting trustees:

> "I expect suits or claims against board members to inhibit members from serving."

Seven out of ten (69%) of all respondents agree, at least in principle, saying it is important or very important for prospective members to ask, before joining a board, if it is involved in lawsuits which might affect them after they sign on (see Table II).

About two-thirds or more of all respondents feel that the pressure of lawsuits has increased in the last ten years; and an even larger share expect further increases in the years ahead (see Tables V and VI).

The solution? One respondent spells it out very simply, while indicating there is a cost factor:

> "Most boards today are protected by insurance. Fifteen or 20 years ago, most boards never even thought about it."

One museum director, who had recently dropped several boards because of undue exposure to liability, expects the pendulum to swing back the other way eventually:

> "Probably as soon as laws allowing boards to be sued get out of hand, somebody will write another law that will make it impossible to sue a board member."

2. Minorities/Youth/Women. The drive for greater social equality among the sexes and races, so marked in recent decades, has not left non-profit organizations untouched. About a third (30%) of all those surveyed feel there has been significant change during the past ten years in adding minority and youth representatives to such boards. However, a larger bloc (50%) feel the change has only been slight (see Table V).

Moreover, the trend seems to be tapering off. Only about a fifth (21%) expect future changes in this area to remain "significant" (see Table VI).

Substantial "minorities" on all three types of board do not see being female or a member of a racial minority as a necessary characteristic of any candidates for a board -- ranging from 25% of those on educational boards to about 30% of those on social service and cultural boards. Broad majorities indicate that being a woman or a member of a racial minority is necessary, at best, for "a few" (see Table I).

Only six of the 307 respondents in this survey (2%) attribute their own selection for board service to a special effort toward better racial, sexual or geographical representation (see Table XV). All six are on educational boards.

Perhaps one businessman sums up the majority's feelings on this issue:

> "I think the absence of minority members is wrong, but I don't favor tokenism. I favor having diversity on a board, but I don't favor having someone on a board to represent a

particular constituency....You could very rapidly erode the effectiveness of the board."

3. Constituency Representation. Only one of five (22%) see significant change in the last decade in the adding of representatives from the community served by the organization (see Table V). But twice as many (42%) anticipate significant change in the years ahead (see Table VI).

Greater responsiveness to those served may not necessitate appointing them to the board, but it does call for increased sensitivity on the part of all members. One respondent forecasts:

> "There will be an increasing social awareness on the part of board members. And an increasing awareness of the needs of constituencies using the services of the organization, also of the employees."

Another simply confirms this prediction:

> "Being aware of the community — being familiar with the social structure of the community — is an important aspect."

CHAPTER II

THE FUNCTIONS OF THE NON-PROFIT BOARD

Time and money, plus increased government involvement in both funding and regulation, are issues that dominate the thinking of business people on non-profit boards. Each of these issues contributes to their sense of change. Each contributes to the increased accountability and involvement they sense as central to the experience of governing today's non-profit institutions.

These same issues, and the responsibilities they entail, shape members' perceptions of the functions of today's non-profit boards. As will be apparent in a subsequent chapter, they also shape the evaluations business people make of board service.

The present study highlights three functions of the non-profit board of directors:

1) Planning And Policy
2) Overseeing The Staff
3) Recruiting New Members

As with the issues already discussed, these functions can be separated for purposes of analysis; but in actual practice they are tightly intertwined. To speak of any one is often to speak of the others.

PLANNING AND POLICY

Among the areas of major change in the years ahead board members rank "foresight in planning" second only to financial responsibility (see Table VI) -- with 95% expecting some change, at least, and better than two-thirds anticipating "significant" changes.

Planning and fiscal management, of course, go hand in hand, as do planning and policy. "Setting policy," in fact, is seen by wide majorities in all three types of non-profit boards as their key function (see Table VII).

Among cultural board members, 61% say so, while 27% see raising money or monitoring the budget as their key function. Among educational board members, 79% choose setting policy as their key function; and among those who serve on social service boards the figure grows to 85%.

Concern for planning carries over into the advice current directors offer prospective board members:

> "A person should ask what the long range objectives of that board are. Is its course set as it presently exists? Are there plans for major changes of direction and emphasis? And what part would that person be expected to play in activity if they were to accept?"

Planning and change, of course, go together:

> "The board must see that the organizations move in the direction where they can do the most good, not necessarily what they've been doing all along. They should adapt to changes, and adopt new ideas to serve the public."

Several of those interviewed point to the importance of good organization and good leadership on the board if plans and policies are to be carried over into action. One describes the situation this way:

> "One of the areas in which I have contributed greatly is in seeing to it that the non-profit organizations are organized to carry out their jobs effectively; not organization for its own sake, but to get the right people in the right positions and in a position with the board, so they can plan for the year, project firances, etc. ....When I first came in, there was very little relationship between what was projected and what was achieved."

Another says:

> "I think the role of non-profit boards has changed because the whole problem of supporting the cultural community has gotten much more difficult....It was either ten or fifteen years ago when the board of directors at gatherings didn't really have to do that much. There was money and there were programs, and everything ran very nicely and smoothly. Now it is quite a different kettle of fish, and I think the director has to work quite a lot if it is going to be a good board."

Virtually all of the business people surveyed (94%) say it is important or very important for prospective members of non-profit boards to find out if the board is really active in managing the institution's affairs or is merely a rubber stamp; and three-fourths also suggest an inquiry about committee service (see Table II).

Proper organization and leadership on the board include awareness of the committee question. One respondent explains:

> "Now, when we are selecting new board members, we are acquainting them with our committee structure, and asking them to select a committee in advance, so that by making a bigger board, we are also incorporating the concept of independent committee work."

Another speaks of the issue as follows:

> "One of the problems that boards do have is being sure that all the board members, to the maximum extent possible, are made to feel a part of the organization, and are given specific responsibilities or specific areas of interest that they can pursue."

OVERSEEING THE STAFF

Not everyone sees setting policy as the primary function of the board. One member goes so far as to say:

> "I don't believe we should set policy, but approve policy."

The suggestion seems to be that setting policy is sometimes the responsibility of the full time professional staff.

Relationships between board members and staff occasionally provoke strong responses:

> "One of my pet peeves I have of some board members is they get very fuzzy in their thinking as to what is a board responsibility and what is administration's. I think it's very good for board members to know members of the staff, to be friendly with them, but it's a very touchy and difficult situation if that relationship gets to a point where there seems to be an influence of the board member on the work of a particular staff member."

But another strongly endorses board-staff contact:

> "I think it's important for the board to touch all levels of the organization....Besides meeting the CEO at regular board meetings, they should also, on some basis during the year, schedule some of their time to meet with the other people who are serving the system. You should have some sort of communication between the board and all the people in the system, so they know you are interested in what they are doing, and where they are going. It brings a little of the personal touch, and I think the personal touch is very important."

One seasoned board member recalls:

> "I've been involved in several situations where we've had a strong CEO or a strong director and he's the expert, he's running the ship. He guards his prerogatives jealously. He's going to be there for a long time, while the board members are transient. It's important for the board to develop a relationship with the director so he understands you're working together and no one goes alone. If that situation comes up, you're going to have real problems. The worst thing is confusion and divisiveness.,..Sometimes you have to confront the person with it."

It would appear that establishing the right rapport with staff — and a proper division of labor — is a major function of the board. Only one in twelve, however, sees "monitoring the CEO" as their key function (see Table VII), and a member of a cultural board expresses his feeling on the matter in these words:

> "I don't think it's a question of monitoring. I think you should have a report system. Monitoring, to me, has the

wrong connotation. If it means trying to find out what he's doing through other sources, I don't believe that's the way to go about it."

A good working relationship with staff is an essential consideration for anyone contemplating board membership. One experienced businessman says of a prospective member:

"He would have to be sure that he could develop satisfactory personal relationships with the management of the operation, or he should only join the board with the understanding that he was going to have some influence in the changing of that management."

Hiring and firing staff -- at least the CEO -- is a further aspect of this function of overseeing the staff. In this area, the question of money surfaces once again. One board member observes:

"I think in most cases the top management could be improved, but I think a lot of that is the fact that they hire who they can afford."

Another is more blunt:

"The salaries are not as competitive as the same amount of responsibility would make available in the private sector."

Still another elaborates on the problems of staff compensation:

"Most non-profit institutions have volunteer forces, and in fact a good many board members would think of themselves as volunteers. But the volunteer does weaken the management team; sometimes, not always, people are attracted to careers in non-profit institutions who are essentially weak, who like to be in company with volunteers....I feel that the presence of volunteer workers does in fact work against the development of a strong staff. I think underpaying in non-profit institutions is another debilitating thing. These two things are probably related -- the volunteer and the low pay scale."

Near unanimity exists on one final aspect of board-staff relations, which also involves money. 98% of all those surveyed report that management prepared an annual budget; 96% say these budgets are reviewed and approved by the board. 97% indicated they also receive annual financial statements, and 90% report that these are audited.

On the question of audit committees within the board, however, there is considerable difference. While about two-thirds of those serving on social service and educational boards say they do have audit committees, more than half of those on cultural boards (58%) admit they do not. To the extent that auditing of financial statements seems valuable, this is one area where cultural boards have room for additional committee work. One respondent puts the audit issue in perspective, however, seeing it as a function of the size of the institution:

"It depends on the sophistication of the agency. You get to the lower levels, you can't afford to go to that level of detail. You're lucky if a public firm will do the audit for you for free, which is what usually happens. Then they give you a nominal bill as a contribution and that's the way you get your statements audited, and then you consider yourself lucky."

RECRUITING NEW MEMBERS

Many of the questions raised in this survey concern, at least indirectly, recruiting new board members. Advice on what to ask before joining, what to consider, has already been reported in other contexts. But the importance of building effective boards through selecting and enlisting the right candidates is constantly stressed by those interviewed, who offer additional guidelines worth reporting.

According to one board member:

"Generally, non-profit boards are looking for people with ways of influencing others to a common purpose."

Another stresses a more spiritual aspect:

"I think humanitarian values would be a first requisite for a social service board -- to be really interested in people and believe that people have the capacity to change."

A third cautions against imbalance:

"I think any field someone's in can relate to a charitable organization -- lawyers, doctors, researchers, PR, anything. I think you ought to have a good mix."

The issue of imbalance is occasionally approached in more negative terms. As one observer points out:

"If there is a preponderance of lawyers, it begins to sound like moot court."

Perhaps the true leavening factor is not a question of particular kinds of expertise or background but something which cuts across professional lines. A business person serving on a cultural board identifies this factor:

"I think that if there is a universal talent, it is the talent some people have of dealing with other people and with the public."

LESSER FUNCTIONS

Those in leadership roles must face the likelihood of hearing about dissatisfactions. Fielding compliants is one function of the board several interviewees cite. Says one:

"I think the staff handles complaints....The staff receives it and they should pass it along to the board."

Another is not so sure:

> "I don't think that the board should be in the complaint department from the public, the faculty, or whatever."

But a third is quite philosophical:

> "I have no complaints about complaints. I think complaints are a good part of doing business."

Public relations and outreach, though considered the "key" function of the board by only 3% of the respondents (see Table VII), also draw some eloquence from those interviewed:

> "I also think desirable is the skill of being articulate about the program of the organization. Today in the private volunteer field so much of the survival depends upon the ability to sell what the organization is doing."

Another agrees:

> "I think they could do a better job of getting understanding in the community of what their organization is and does, depending on what the community happens to be, starting with the United Way, which you'd think everybody would know about, but doesn't, to a church or a temple where half the people who are members really don't understand the organization. This is an area in which the board should get more done: the PR function toward understanding."

CHAPTER III

EVALUATION

Evaluating the work of the board, the performance of staff, and one's own satisfaction, are aspects of board service which are sometimes overlooked. Evaluation, however, is a function of sufficient importance to deserve separate consideration.

As an aid to understanding the meaning of board service in a period of change, participants in this survey were asked to weigh a number of factors, including their own contributions.

EVALUATING THE BOARD

Five out of six (84%) of the business people participating in this survey feel their boards are performing as well as or better than they expected (see Table VIII).

When given the opportunity, however, about a third of all respondents (97 out of 308) indicated a "major" deficiency of board performance (see Table IX). In two of the three categories -- educational and cultural -- the primary complaint (noted by 30% and 35%, respectively) is that some board members are serving only for social reasons instead of a real commitment.

The image of non-profit boards as extensions of the "country club" promoted a related question; and a sizeable minority of those on cultural boards (19%) admit their board "always" has a social club environment (see Table X). Only 5% of those on social service boards -- and only 1% of those on educational boards -- share this feeling. Much larger percentages, however, feel their boards "sometimes" partake of a social club atmosphere: 34% for social service institutions, and 45% for educational.

In all three groups, however, half or slightly more report there is "never" such an environment about the board.

One member, serving an educational organization, observes:

> "I'm the president of a social club, and I don't think there are any similarities."

Another respondent thinks more socializing would be good for his board:

> "In fact, not enough of that is done. I think they go the other way. In other words, it's the kind of thing that requires the building of camaraderie and there isn't enough of it."

Those serving on cultural and educational boards complain often about poor organization and management. As one puts it, rather graphically:

"The lack of elegance of structure of management, and so the sense of thick brown soup in place of management structure is very frustrating. You can't find the guy who actually makes decisions."

Among those who feel deficiencies on social service boards, 43% feel some of their fellow board members do not understand their roles. Another 19% complain that some members, at least, don't know enough about the very field they ostensibly serve.

One social service board member offers a solution to these problems:

"I think non-profit boards should give the board members more precise homework, or somehow or other find a way to prepare them for meetings better. Maybe there should be a two-hour workshop for the board, at which background data is presented, or something like that."

Several of those interviewed cite one other complaint: the tendency of non-profit organizations to get caught up in self-perpetuating activities at the expense of needed rethinking and change. As voiced by one of them:

"The self-perpetuation syndrome is a very critical one, and doesn't have the ebb and flow of the marketplace. In the private system, when nobody wants to buy shoes anymore, the shoemaker goes out of business. Unfortunately, when you're dealing with goodwill, you're dealing with human needs. You can't draw the conclusions so easily, and that's the problem. So you just keep adding to what you've got; you don't redirect in the best way, and I see that as the biggest single problem in the voluntary sector."

Given the demand for commitment, which contemporary non-profit board service entails, this survey asked if anything was done about members who missed meetings or came unprepared. Better than half (57%) say "no." Almost two-thirds, however (63%), think something should be done; another 25% agree, so long as such action would not jeopardize the welfare of the organization (see Table XI).

EVALUATING THE STAFF

Participants were asked to rate the staffs of their organizations in four areas: Efficiency, Dedication, Business/Financial Expertise, and Interaction with the Board (see Table XII).

Staff excellence is clear-cut only in the case of Dedication. Almost three-fourths of those surveyed give their staffs highest marks in this area, and most of the remainder rate them as good. High dedication cuts across all lines, showing up in social service, education, and cultural institutions.

Next highest marks are for Interaction with the Board, 40% rating their staffs as excellent in this regard.

Only a quarter (25%) consider their staffs excellent in Efficiency, however, with about one in five saying they are only fair or even poor.

The worst marks are given for Business/Financial Expertise. Only about one in five (21%) would concede excellence on this score, while a larger share (27%) consider their staffs no better than fair. On this point in particular there is some difference between types of boards. Staffs of cultural organizations make the poorest showing -- about half of them (48%) judged no better than fair. Educational staffs do best, 79% rated as good or excellent. Social service boards fall in between: about two-thirds good or excellent (65%), about one third fair or poor (33%).

Curiously, when board members were asked about the major weaknesses of their staffs, less than one in ten (9%) point to poor financial management (see Table XIII), with 40% reporting no major weaknesses at all. And cultural board members are no harsher in this judgment than those on social service or educational boards. The chief problem, indicated by 20% of all respondents, is lack of staff. One might conclude that absence of financial help, rather than incompetence, accounts for lack of excellence in this regard.

Another explanation may be the rapidity with which fiscal complexities in the non-profit sector have developed in recent years -- the fault lying in the rate of change rather than in the shortcomings of the staff.

One museum board member suggests:

> "The management doesn't really possess some of the management skills which one needs to associate with an institution of this size today. The qualifications of the present management built the museum, but those are not necessarily the same qualifications needed to run a museum that's already developed."

Others, however, are less generous, pointing directly to

> "...ignorance among staff about modern reporting and accounting procedures."

Another repeats a refrain about staff performance:

> "The board doesn't always have the facts it needs from the staff. I'm not always satisfied that they've been given the facts objectively and completely. Sometimes I get the feeling the staff is directing the board's verdict by manipulating the facts."

Even so, in most cases, dedication would appear to carry the day. Remembering the difficulty many organizations have in paying staff members satisfactorily, it should come as no surprise that dedication is called upon to make up for limitations in financial expertise or sufficient staffing.

Besides the dedication involved, there is one other factor which affects the staff's strength: about half of all respondents (47%) say that the chief strength of their institution's staff is the presence of a strong, competent CEO (see Table XIII). Smaller fractions attribute strength to good

managerial help (18%) or to the fact that the needs of the constituency are kept in mind at all times (14%).

SELF-EVALUATION

Business people's views about both qualifications for board membership and considerations prospective members should keep in mind are covered in an earlier chapter. This survey also inquired about the actual considerations respondents had when they themselves joined. Before noting their evaluation of their own service on non-profit boards, it may be helpful to touch upon those considerations.

For people serving on social service and cultural boards, the first consideration was interest or background in the field (see Table XIV). Second was a sense of civic responsibility, with third being desire to change and improve the organization.

For those serving on education boards this latter consideration came first, followed by a sense of civic responsibility. A third consideration was prior affiliation -- the "alumni factor." Interest and background in the field was a close fourth.

Such considerations as enhanced status in the community, acquaintance with other board members, family or corporate obligations, were primary to no more than about one in 20 in any group. Some respondents are less sure about "other" members' motivations, however. Says one:

> "Too many people are joining non-profit boards for prestige and may not be making a real contribution."

Another admits that his original motivation was self-centered:

> "To help develop myself professionally, to get my name known in the field by more people in my profession. It was to help my own sense of security, at first."

Another, reflecting on his own experience, suggests the following motivational test for prospective members:

> "If it's not fun, don't do it. One should get a sense of satisfaction, a good feeling, and a personal reward; a feeling of altruism, of meeting people, and giving something to oneself."

Whatever their reasons for accepting invitations to join non-profit boards, the primary reason board members give for being asked is, "business expertise" (see Table XV). As this survey concentrated on business men and women, such a response is not surprising, and the final chapter of this report will look more closely into the question of business persons on non-profit boards.

Lesser reasons for being asked include a demonstrated interest in the organization, background in the field, and ability to contribute or raise funds.

Virtually all of those surveyed (99%) report that serving on a non-profit board has been a fulfilling experience (see Table XVI). About half identify the sense of making a contribution to a worthwhile cause as the most fulfilling aspect. About three in ten (28%) find participating in the organization's growth to be the most fulfilling. For all but a few of the remainder, the sense of fulfillment comes chiefly from meeting and working with interesting people or being able to help others.

Almost nine out of ten (88%), as noted earlier, feel they have been able to make the contribution they anticipated when they joined the board (see Table III) with their only major obstacle being a shortage of time.

Despite such high levels of satisfaction, the experience has had disappointments for about four-fifths (82%) of the people surveyed (see Table XVII).

Primary among these, reported by about one-quarter each, are the failure to see personal goals for improvements realized and inefficiency or poor management on the board itself. For about one in five, the major disappointment is lack of effort and dedication on the part of other board members.

About 10% in each group cite the major disappointment as disagreement with board policies or inadequacies of the staff.

The evaluations registered earlier in this chapter are mirrored to a degree in these aspects of personal evaluation.

It might be noted that while three-fourths (76%) feel other board members are "sometimes" as active as they should be -- and 18% feel they are "always" as active as they should be -- more than half (57%) feel they themselves are "more active" than their fellow board members.

Their willingness to fill out a lengthy questionnaire on service to the non-profit board may be a confirmation of this final note of self-evaluation.

CHAPTER IV

THE BUSINESS PERSON ON THE NON-PROFIT BOARD

Better management -- particularly of time and money, but also of personnel resources, government relations and planning -- is a perceived need of non-profit boards. The business men and women participating in this survey are very clear on this point, given their perceptions of the issues facing their boards and the functions they see as most important.

When asked how the non-profit board might best be made more effective, they have one overriding response: greater business orientation (see Table XVIII). Almost half of those on educational boards say so; six of ten business people on cultural boards concur, as do an overwhelming 85% of those on social service boards.

A few (14%) feel limiting the size of boards would help promote efficiency; but 9% also say more business people should be added.

Virtually all (93%) believe their presence on the non-profit board encourages greater understanding between business and non-business communities. They also feel there are specific contributions they can make because of their business backgrounds.

As one businessman points out:

> "I believe that individual board members bring to bear skills that they have developed in their own business to supplement the activities and the skills of the paid staff."

He goes on to specify that business persons can be particularly helpful as government involvement in the non-profit sector increases, because:

> "...they have been, by and large, subject to regulations, reporting mechanisms, in their own business; they can be extremely helpful in adapting the non-profit organization to this jargon of government and forms."

Another, however, wonders:

> "...whether business people find that they can get to government people better than the existing performing arts management, or whether the business connections to government are a hindrance, because they're at the wrong levels, or come in the wrong context."

Apart from the governmental issue are the basic matters of good management and the business person's experience in this area:

> "There is obviously a role for business people on non-profit boards, for providing sensitive understanding, but also some guidance on administration and control structure, so as to make the non-profit organization concentrate on forms of efficiency that were invented years ago in business which it seems a shame to have to re-invent in the performing arts or other non-profit areas."

A number of those interviewed warn of limits to the value of "business sense" in the non-profit arena:

> "There's a particular requirement for an awareness of the areas in which business efficiency and criteria are not relevant, and therefore a requirement for the mental flexibility to see how to use the tests that we would normally use in business in a more sophisticated and sensitive way. I would like to stress strongly that the easiest way business people can turn off an artistic or not-for-profit management is by failing to see the difficulty of measuring the criteria in such organizations."

Another carries this a step further and finds fault with some of his fellow board members from the business sector:

> "If I were to judge which group benefits more, I think my experience is that people in business continue to have rather closed minds to the views of others; they seem less receptive to the views of others, and I think that shouldn't be."

Still another cautions against a further danger of too much "business sense" at the expense of other types of input:

> "I think there will be less and less room for the idealist in non-profit institutions and more and more need for the pragmatic individual. If that happens, then I think that the board that is sitting with this pragmatist head of the institution is apt to have less and less room in it for individual creative input."

Such dangers probably seem far off to most respondents, however, as present circumstances seem to warrant more, rather than less, business-like attitudes and procedures in non-profit affairs.

Because more than half (55%) of the participants in this study serve on corporate boards as well as non-profit boards, they are well-situated to compare them. Several questions were addressed to such comparisons and the responses follow.

Four out of five respondents (79%) see the requirements for service on non-profit boards as different from those for service in the corporate world, with the profit motive the chief difference.

Other perceived differences include:

- Non-profit boards exercise less budgetary and administrative control;
- They suffer more from financial instability;
- They act on problems less quickly than corporate boards;
- Their staffs are less efficient; and
- They also need to be more responsive to their constituencies than corporate boards.

Almost two-thirds of those on social service boards and cultural boards (63% and 60% respectively) see corporate boards as more effective than non-profit boards, while 31% and 24%, respectively, see them as about equal in their effectiveness (see Table XIX).

On educational boards there is less of a split: 52% favor corporate boards, 39% see the two as about equal.

One member of an educational board cautions against generalizations on this point:

> "There's a wide range of effectiveness in corporate boards -- as well as in non-profit boards. Boards in both sectors will be more effective the more they are encouraged into greater exposure to the institution with which they are dealing. The institution should provide the opportunity for the board member to get as involved as he wants to and when that happens, you have a more effective board."

Those in the majority, seeing corporate boards as more effective, offer the following explanations:

> "Corporate boards are much more efficient, more professional, better prepared. People on corporate boards take their responsibilities by and large more seriously. Members of a cultural group are primarily there to raise money, have a certain social or civic standing, have an understanding what they're doing and a capacity for enthusiasm of getting people interested. By and large it's a very amateur undertaking."

> "I think the corporate board is more efficient because you can demand better attendance...and I think people are a little more dedicated, because that's their job, whereas the other is strictly voluntary and it's something that they're somewhat passive about in many cases."

> "There isn't the same stress or pressure for profit as on a corporate board, and no one person gets hurt so much. There is less motivation, and therefore the non-profit boards are not as effective as corporate boards."

One business person on a cultural board qualifies his judgment as follows:

> "The non-profit board apparently operates much less effectively, but the criteria for measurement are much harder. On balance I think the board in each case has a roughly similar effectiveness vis-a-vis management."

From the minority come equally eloquent defenses of the non-profit board:

> "Non-profit boards are just as effective as corporate boards. Corporate boards don't do much. They have been

pushed into activity by the government, more lawsuits, and new demands by the SEC for audit committees, and other changes."

"I really don't think that boards, as such, are all that effective in corporations. In a non-profit institution the board really can bring about development and change to a degree that is not present in many corporate boards."

"The people tend to be less stuffy than people on a profit board, less worried about competition of ideas. There seems to be a very free flowing stream of suggestions and creative talent."

In conclusion it is perhaps fair to say that the non-profit world needs both -- the creative and the pragmatic. A major task for businessmen who serve on non-profit boards in the future may be helping to maintain that very balance.

TABLES

TABLE I

How necessary is each of the following as a qualification for membership on your board?

	Necessary for all or most members				Necessary for a few or no members			
	TOTAL	SOC	EDUC	CULT	TOTAL	SOC	EDUC	CULT
General interest in organization's purpose	100%	100%	100%	100%	0%	0%	0%	0%
Willingness to give time	93	95	95	90	7	5	5	10
Influence in the community	67	56	73	68	33	44	27	32
Leadership ability	58	63	73	41	42	37	27	59
Working knowledge of the field	56	68	63	45	44	32	37	55
Diversity of other interests	56	46	69	49	44	54	31	51
Ability to contribute financially	54	34	47	68	46	66	53	32
Ability to solicit funds	50	29	40	68	50	71	60	32
Business/management skills	39	45	53	24	61	55	47	76
Financial expertise	24	27	28	19	76	73	72	81
Communication/ artistic skills	23	13	22	27	77	87	78	73
Knowledge of gov't regulations and practice	18	24	25	9	82	76	75	91
Legal expertise	4	10	5	1	96	90	95	99
Being a woman or minority	4	8	1	4	96	92	99	96
(No.)*	(244)	(49)	(89)	(104)	(244)	(49)	(89)	(104)

*The number of respondents varied slightly from question to question. These figures represent the smallest number in each category.

TABLE II

How important is each of the following for anyone to consider who is contemplating membership on the board of a non-profit organization?

	Important or very important				Only somewhat or not at all important			
	TOTAL	SOC	EDUC	CULT	TOTAL	SOC	EDUC	CULT
Do I have enough time, money, interest to make a commitment?	98%	96%	100%	98%	2%	4%	0%	2%
What does the board do?	97	100	97	96	3	0	3	4
Does board take active part in administration and management?	94	98	95	90	6	2	5	10
What is the organization's reputation and success?	83	84	83	83	17	16	17	17
What is financial condition of organization?	82	83	84	79	18	17	16	21
Will I face conflicts with my other commitments?	80	71	80	85	20	29	20	15
Will I be expected to serve on committees?	74	74	68	79	26	26	32	21
Is board involved in lawsuits by which I might be affected?	69	67	65	74	31	33	35	26
What benefits/satisfaction will I derive from membership?	68	69	64	70	32	31	36	30
What are other board members like?	55	62	54	53	45	38	46	47
(No.)*	(246)	(48)	(93)	(105)	(246)	(48)	(93)	(105)

*The number of respondents varied slightly from question to question. These figures represent the smallest number in each category.

TABLE III

Do you feel you have been able to make the contribution you hoped for when you joined the board?

	TOTAL	SOC	EDUC	CULT
Definitely	46%	48%	38%	52%
For the most part	42	43	46	37
Occasionally	11	10	14	9
Not at all	1	0	2	2
(No.)	(305)	(63)	(112)	(130)
If not, indicate the single most important obstacle:				
Insufficient time	55%	44%	56%	61%
Most decisions made by the staff, not by board	12	19	16	5
I'm not in a good position (as officer, etc.) to have an impact	7	4	4	12
Financial problems of the institution overwhelming	6	15	2	5
Don't know the institution well enough yet	6	7	7	5
Poor leadership on board or on committees	5	7	4	5
I've lost interest in the field	2	0	2	2
Other	7	4	9	7
(No.)	(115)	(27)	(45)	(43)

TABLE IV

Have you had to refuse membership on the boards of any non-profit organizations? (If yes, please check the major reasons for your refusal.)

	TOTAL	SOC	EDUC	CULT
NO	24%	24%	23%	24%
YES, insufficient time	58	60	60	56
" lack of interest	13	10	13	14
" obligation to make a financial contribution too great	2	0	3	2
" conflict of interest	2	3	1	2
" didn't have a good feeling about other board members	1	2	0	2
" I was concerned about legal liabilities	0	0	0	1
" other	1	2	1	1
(No.)	(303)	(63)	(111)	(129)

TABLE V

Degree of change perceived in the last ten years:

	Significant Change	Slight Change	No Change	(No.)
Board members forced to become more involved and accountable				
(TOTAL)	75%	22%	3%	(198)
SOC	86	14	0	(36)
EDUC	76	19	5	(83)
CULT	68	29	3	(79)
Budgeting and good management have more importance				
(TOTAL)	73%	24%	3%	(183)
SOC	68	32	0	(31)
EDUC	73	24	4	(80)
CULT	75	21	4	(72)
More emphasis on fund raising				
(TOTAL)	47%	31%	22%	(163)
SOC	41	26	33	(27)
EDUC	41	36	23	(69)
CULT	55	28	16	(67)
Pressure of suits/personal legal liability greater				
(TOTAL)	40%	32%	28%	(169)
SOC	39	32	29	(28)
EDUC	51	30	19	(70)
CULT	30	34	37	(71)
More minority and youth representation				
(TOTAL)	30%	50%	20%	(166)
SOC	27	54	19	(26)
EDUC	33	54	13	(69)
CULT	27	45	28	(71)
Boards have hired professional staffs				
(TOTAL)	30%	32%	38%	(153)
SOC	29	36	36	(28)
EDUC	17	36	47	(64)
CULT	44	26	30	(61)

TABLE V (Continued)

	Significant Change	Slight Change	No Change	(No.)
More representatives on boards from the community served by the organization (TOTAL)	22%	46%	32%	(163)
SOC	15	62	23	(26)
EDUC	21	41	37	(70)
CULT	25	45	30	(67)

TABLE VI

Degree of change anticipated in the years ahead:

	Significant	Slight	None	(No.)
More financial problems/ responsibilities				
(TOTAL)	78%	18%	5%	(223)
SOC	80	20	0	(39)
EDUC	77	16	8	(90)
CULT	78	19	3	(94)
More foresight in planning				
(TOTAL)	65%	30%	5%	(185)
SOC	73	17	10	(30)
EDUC	63	32	5	(78)
CULT	64	33	4	(77)
Need for government funding/ support				
(TOTAL)	46%	40%	14%	(187)
SOC	25	43	32	(28)
EDUC	38	40	22	(73)
CULT	58	40	2	(86)
Stricter government regulation				
(TOTAL)	45%	39%	16%	(184)
SOC	50	47	3	(34)
EDUC	51	33	17	(77)
CULT	36	43	22	(73)
Board will have to become more responsive to needs of employees and community it serves				
(TOTAL)	42%	41%	17%	(201)
SOC	47	34	18	(38)
EDUC	40	49	11	(80)
CULT	42	36	22	(83)
Increasing legal liabilities				
(TOTAL)	39%	41%	20%	(207)
SOC	54	30	16	(37)
EDUC	47	37	15	(85)
CULT	25	49	26	(85)

TABLE VI (Continued)

	Significant	Slight	None	(No.)
Organization will be run more like a business/more business men on board				
(TOTAL)	39%	43%	18%	(188)
SOC	53	28	19	(32)
EDUC	26	46	29	(77)
CULT	47	46	8	(79)
Greater administrative control				
(TOTAL)	30%	50%	21%	(175)
SOC	31	52	17	(29)
EDUC	23	44	33	(73)
CULT	36	55	10	(73)
More emphasis on minority/ youth representation				
(TOTAL)	21%	50%	30%	(201)
SOC	28	56	17	(36)
EDUC	19	49	32	(81)
CULT	20	48	32	(84)

TABLE VII

What should be the key function of the board of a non-profit organization?

	TOTAL	SOC	EDUC	CULT
Setting policy	73%	85%	79%	61%
Raising money	8	2	5	15
Monitoring the budget	8	9	3	12
Monitoring the CEO	8	3	11	9
Public Relations	3	2	3	3
(No.)	(278)	(59)	(105)	(114)

TABLE VIII

Please rate how well you think the board is performing.

	TOTAL	SOC	EDUC	CULT
Much better than I expected	8%	6%	9%	8%
Better than I expected	25	25	24	25
As well as I expected	51	56	53	46
Not as well as I expected	14	11	11	19
Much worse than I expected	2	0	3	2
Don't know	1	2	0	2
(No.)	(301)	(63)	(108)	(130)

TABLE IX

If the board is not performing up to your expectations, please check the major way in which it is deficient.

	TOTAL	SOC	EDUC	CULT
Some board members are only on the board for social reasons/haven't made full commitment	29%	14%	30%	35%
Some members don't understand their roles	26	43	27	17
Board is not well-organized/managed	25	10	27	30
Members lack knowledge in the area in which the organization is involved	9	19	10	4
Organization lacks competent staff	7	14	0	9
Too much minority and/or constituency representation	2	0	3	2
Too little minority and/or constituency representation	2	0	3	2
(No.)	(97)	(21)	(30)	(46)

TABLE X

Do you think the board has a social club environment?

	TOTAL	SOC	EDUC	CULT
Always	7%	5%	1%	19%
Sometimes	38	34	45	29
Never	54	59	53	50
Don't know	1	2	1	2
(No.)	(221)	(56)	(103)	(62)

TABLE XI

Is anything done about board members who miss meetings or don't prepare for them?

	TOTAL	SOC	EDUC	CULT
No	57%	50%	63%	54%
Yes: Member not renominated	22	24	20	23
Yes: Member automatically dropped after missing certain number of meetings	9	11	7	10
Yes: Member subject to review	8	2	8	10
Yes: Resignation requested	2	6	0	2
(No.)	(280)	(54)	(101)	(125)

Should anything be done?

Yes	63%	72%	64%	60%
Only if welfare of organization or board would not be jeopardized	24	20	24	25
No	9	4	9	12
Don't know	4	4	3	4
(No.)	(246)	(46)	(88)	(112)

TABLE XII

Please rate the staff in the following areas:

	TOTAL	SOC	EDUC	CULT
Dedication				
Excellent	71%	73%	67%	73%
Good	23	21	26	21
Fair	5	4	6	3
Poor	0	0	1	0
Don't know	2	2	0	3
(No.)	(262)	(48)	(97)	(117)
Interaction With Board				
Excellent	40%	44%	35%	42%
Good	45	36	51	43
Fair	12	14	13	11
Poor	3	4	1	4
Don't know	1	2	0	1
(No.)	(285)	(50)	(105)	(130)
Efficiency				
Excellent	25%	30%	22%	25%
Good	53	49	58	50
Fair	17	15	17	18
Poor	4	4	1	5
Don't know	2	2	2	2
(No.)	(256)	(47)	(93)	(116)

(over)

TABLE XII (continued)

	TOTAL	SOC	EDUC	CULT
Business/Financial Expertise				
Excellent	21%	21%	26%	16%
Good	43	44	53	34
Fair	27	25	16	37
Poor	9	8	5	11
Don't know	1	2	0	2
(No.)	(257)	(48)	(95)	(114)

TABLE XIII

What do you feel is the major strength of the staff of the institution you serve?

	TOTAL	SOC	EDUC	CULT
Strong, competent CEO	47%	46%	54%	42%
Good managerial help	18	10	15	24
Needs of constituency kept in mind at all times	14	26	10	11
Board policy adhered to carefully	8	8	7	9
Good financial staff	4	4	6	2
Good personnel management	2	2	3	2
Other	7	4	5	10
(No.)	(267)	(50)	(100)	(117)

What do you feel is the major weakness of the staff?

There is no major weakness	40%	35%	44%	38%
Insufficient staff	20	23	17	21
Poor management skills	11	10	8	14
Poor financial management	9	8	8	9
Lack of leadership	8	6	12	6
Constant turnover of staff	3	4	2	4
Other	9	14	8	7
(No.)	(265)	(52)	(95)	(118)

TABLE XIV

What was the most important consideration in your decision to serve on this particular board?

	TOTAL	SOC	EDUC	CULT
Interest, background in field	28%	44%	16%	31%
Fulfillment of civic responsibility	27	23	28	28
Desire to change/improve organization	24	16	29	25
Prior affiliation	9	3	19	2
Fulfillment of business or corporate obligation	4	6	0	6
Enhanced status in community	2	2	2	3
Acquaintance with other board members	2	5	1	2
Family obligation	2	2	3	1
Desire to see more women/ minority members on board	1	0	2	0
Other	1	0	2	1
(No.)	(307)	(64)	(112)	(131)

TABLE XV

Which of the following do you think contributed most to your being chosen for board membership?

	TOTAL	SOC	EDUC	CULT
Business expertise	25%	33%	20%	26%
Demonstrated interest in organization	14	13	21	9
Background in the field	13	19	9	15
Ability to contribute and/or raise funds	10	6	8	13
Prior experience on other boards	7	9	6	7
Influence in the community	7	3	9	7
Prior affiliation	6	9	8	2
Acquaintance with other board member or president	5	5	4	5
Sufficient free time for effective service	5	0	3	8
Family tradition of service to the organization	2	2	3	2
Establishment of better balance on board (considerations of race, geography, sex, age, etc.)	2	0	5	0
Other	4	2	5	4
(No.)	(307)	(64)	(112)	(131)

TABLE XVI

Have you found it fulfilling to serve on the board of this organization?

	TOTAL	SOC	EDUC	CULT
Yes	88%	89%	90%	86%
To some extent	11	9	10	12
No	1	2	0	2
(No.)	(304)	(65)	(109)	(130)

If so, what do you feel has been the most fulfilling aspect of your involvement?

Making a contribution to a worthwhile cause	49%	46%	52%	46%
Participating in the organization's growth	28	25	20	36
Meeting and working with interesting people	20	19	24	17
Being able to help others	2	9	1	0
Other	2	2	3	1
(No.)	(291)	(59)	(107)	(125)

TABLE XVII

Have you experienced disappointments as a member of the board on which you serve?

	TOTAL	SOC	EDUC	CULT
Yes	43%	45%	39%	45%
Sometimes	39	36	39	39
No	19	19	22	16
(No.)	(296)	(62)	(107)	(127)

If so, what is the major disappointment you have experienced?

Personal goals for the improvement of the organization have not been realized	26%	31%	29%	22%
Board operation is not as efficient and/or well-managed as it could be	26	31	29	22
Lack of effort and dedication on the part of other board members	19	18	17	22
Disagreement with some of the board's policies	12	7	11	15
Inadequacies of the staff	9	11	5	11
Other	8	2	9	9
(No.)	(222)	(45)	(76)	(101)

TABLE XVIII

If you feel that non-profit boards are less effective than corporate boards, in which of the following ways could they be best improved?

	TOTAL	SOC	EDUC	CULT
There should be greater business orientation and direction	60%	85%	46%	60%
Limit size of the board	14	5	17	15
Put more members with business experience on board	9	10	14	4
Enforce attendance	4	0	6	4
Increase size of the board	3	0	6	2
Lengthen term of appointment	2	0	6	0
Limit term of appointment	2	0	3	2
Don't know	6	0	3	10
(No.)	(103)	(20)	(35)	(48)

TABLE XIX

In general, how effective is the non-profit board compared to corporate boards?

	TOTAL	SOC	EDUC	CULT
Corporate boards much more effective	24%	14%	17%	34%
Corporate boards more effective	34	49	35	26
Both boards about the same	31	31	39	24
Non-profit board more effective	8	6	7	9
Non-profit board much more effective	1	0	1	1
Don't know	3	0	1	5
(No.)	(187)	(35)	(72)	(80)

DEMOGRAPHIC PROFILE OF RESPONDENTS

Figures refer to the total sample unless otherwise indicated. Results for each of the three groups are not given unless there is significant deviation from the average. "Type of board" here refers to social service, educational, or cultural.

Board Service

50% of the sample serve on more than one board of the same type as the primary board under consideration, and 69% serve on other types of non-profit boards.

Among university/college board respondents:
78% serve only one educational board;
71% serve other types of boards.

Among social service respondents:
22% serve only one social service board;
69% serve other types of board.

Among cultural board members:
40% serve only one cultural board;
66% serve on other types of boards.

Education

91% of the sample are college graduates;
45% of them have higher degrees.

Age

60% of the total sample are over 50 years old, with an average close to 52.

Among social service board members -
66% are over 50, with an average age 52.

Among educational board members -
61% are over 50, average age 52.5.

Among cultural board members -
57% are over 50, average age close to 51.

Sex

88% of the sample are male, 12% female.

Marital Status

89% of the respondents are currently married.

Income

63% of the respondents make $60,000 a year or more, with half of these, 32%, making over $100,000.

Average income is impossible to estimate because 1/3 of the sample falls into the $100,000 and above category. The Median Income falls in the $60,000-79,999 range, and may be close to $70,000 a year.

For social service board members:
60% make over $ 60,000;
34% make over $ 80,000;
21% make over $100,000.

For educational board members:
68% make over $ 60,000;
48% make over $ 80,000;
37% make over $100,000.

For cultural board members:
62% make over $ 60,000;
39% make over $ 80,000;
33% make over $100,000.

DEMOGRAPHICS OF THE MAIN ORGANIZATIONS

Three questions were asked about the main organizations under consideration:

What is the organization's annual operating budget?

How many clients has organization served? or
How many students in university? or
How many tickets/admissions last year?

How many full-time staff/faculty in organization?

Because of the basic differences among the types of organization, three different sets of codes were used for the three types, so there are no figures for the total sample.

In addition, because of the vast range within each sub-sample, the differences between average and median are tremendous. Both are given here.

Annual Budget

Social Service Boards
Range from $75,000 (National Braille Association) to $250,000,000 (Massachusetts General Hospital).
Average: $23,621,000
Median: $ 2,000,000

Educational

Range from $1,600,000 (Mercer University Law School) to $2,500,000,000 (University of California)
Average: $162,863,000
Median: $ 30,000,000

Cultural

Range from $67,000 (Dayton Philharmonic) to $200,000,000 (National Geographic Society).
Average: $ 5,842,000
Median: $800,000

Clients Served/Students/Tickets

Social Service Boards

Range from 25 (no name) to 22,000,000 (Care)
Average: 972,000
Median: 5,000

University/College Boards

Range from 400 (Mercer University Law School) to 60,000 (University of Illinois)
Average: 13,424
Median: 6,000

Cultural Boards

Range from 6,000 to 3,000,000 (no names indicated)
Average: 260,000
Median: 75,000

Full-Time Staff/Faculty

Social Service Boards

Range from 2 (National Braille Association) to 7,000 (Massachusetts General Hospital)
Average: 373
Median: 40

University/College Boards

Range from 28 (Mercer University Law School) to 10,000 (No name)
Average: 1,139
Median: 250

Cultural Boards

Range from 2 (Pasadena Symphony Association) to 1,500 (National Geographic Society)
Average: 71
Median: 8

Number of Organizations Involved

Each respondent was asked to answer in terms of the organization to which he dedicated most time. Most respondents identified this organization. These

totals refer only to these primary institutions, not all the institutions the individuals serve:

Social Service: 49 different organizations
Educational: 90 different organizations
Cultural: 107 different organizations

These figures include the phone interviews and the mail-out questionnaires. The 308 respondents represent 246 identified institutions. Thus, only one out of every five either did not identify the institution or serves on the same board as does another respondent.

METHODOLOGY

In early 1979, Touche Ross & Co. commissioned Research and Forecasts, Inc. to survey the attitudes of business executives serving on the boards of three categories of non-profit organizations: educational, cultural, and social service institutions.

During the study's initial phase, Research and Forecasts conducted in-depth interviews with sixty such business executives, then analyzed their responses to prepare a mail-out questionnaire. The quotations included in this report were taken from these interviews.

In the second phase of the study, questionnaires were mailed to 837 executives, and 30% of those receiving questionnaires chose to respond. To guarantee confidentiality, respondents were asked not to sign the questionnaire.

Participating in the study were 112 business people from the boards of educational institutions — in this instance, four-year colleges and universities; 131 from cultural institutions including museums, public libraries, opera and ballet companies, and symphony orchestras; and 65 from general philanthropic institutions and social service organizations serving children, the elderly, the poor, and the disabled.

Data Processing was handled by Calculogic, Inc. Dr. Edward Lehman, Chairman of New York University's Department of Sociology, served as academic consultant.